



The Hecht's Company operates the sole remaining Downtown department store.

Downtown as the Center for Retail and Entertainment

Washington's re-emergence as a dynamic entertainment destination and retail center has begun. Since the opening of the MCI Center in 1997, the number of visitors to Downtown attractions and events has grown from 3 million to 8 million, and more than 29 new restaurants have opened. The growing strength of Downtown as an entertainment and dining destination is fueling complementary retail development. It also sets the stage for the arrival of national name, large-format stores and specialty retailers such as Barnes and Noble, Borders Books, Ann Taylor, and Banana Republic. There is currently approximately 2 million square feet of retail space in the Downtown area, including the following existing and programmed retailers:

Downtown Retail, 2000			
Name	Location	Estimated Sq. Feet	Specialty
Hecht's Company	12th Street & G Street	200,000	Only Downtown department store
Shops at National Place	F St between 13th & 14th Streets	124,000	More than 50 stores/restaurants
Old Post Office	12th St & Pennsylvania Avenue	101,140	Retail/entertainment/eatery
ESPN Zone	555 12th Street	107,000	Sports-related entertainment
Gallery Place	North of MCI Center	400,000	Retail/entertainment with 25 screen movie theater (incl. residential component)
Hamilton Square	Formerly Garfinkels	56,000	Retail
Historic buildings	F St between Woodies & 9th; 7th St between Penn Avenue & Chinatown	Unknown	Four buildings are seeking approval for restaurants

Source: Downtown, D.C., Business Improvement District

Downtown retail presently draws from three market segments which generate substantial demand: District residents, Downtown workers, and day and overnight visitors. Based on market demand estimates, it is projected that Downtown can currently

Projections of Supportable Retail Space in Downtown

Year	New Space ^{\1}	Total Space ^{\1}
2000	0.5 to 1.2 msf	4.7 to 5.2 msf
2005	1.5 to 2.3 msf	5.5 to 6.3 msf
2010	2.8 to 3.8 msf	7.8 to 8.9 msf

1/ Figure ranges include conservative and optimistic projections in millions of square feet (msf). Source: ERA

support from 500,000 to 1.2 million square feet of additional retail space, with an additional 1.5 to 2.3 million square feet by 2005, and an additional 2.8 to 3.8 million square feet by 2020.

Retail uses are highly lucrative for the District. With a 5.75% sales tax (10% for food and beverage) combined with a commercial property tax, retail produces one-and-a-half times the tax value per square foot of office uses. An additional 1 million square feet of high quality national or large-space retail uses would generate between \$20-\$25 million of additional tax revenue annually.

For downtown to fulfill its potential as a retail center, a number of challenges must be met. The existing mix of retailers on F Street and 7th Street should be concentrated into retail clusters which, over time, could be connected in an unbroken chain to cover several blocks. New sites need to be identified to house large space users, which act as anchor attractions for Downtown, and additional financial incentives provided to spur retail development. In addition, a high quality retail environment can be bolstered with better management of vending, the creation of sidewalk cafés, and improved streetscape elements in public spaces. The limited availability of short-term parking spaces adjacent to desirable locations is also a continuing concern which must be resolved.

Strategy One: Establish Gallery Place and 7th Street as a Center for Entertainment and Retail

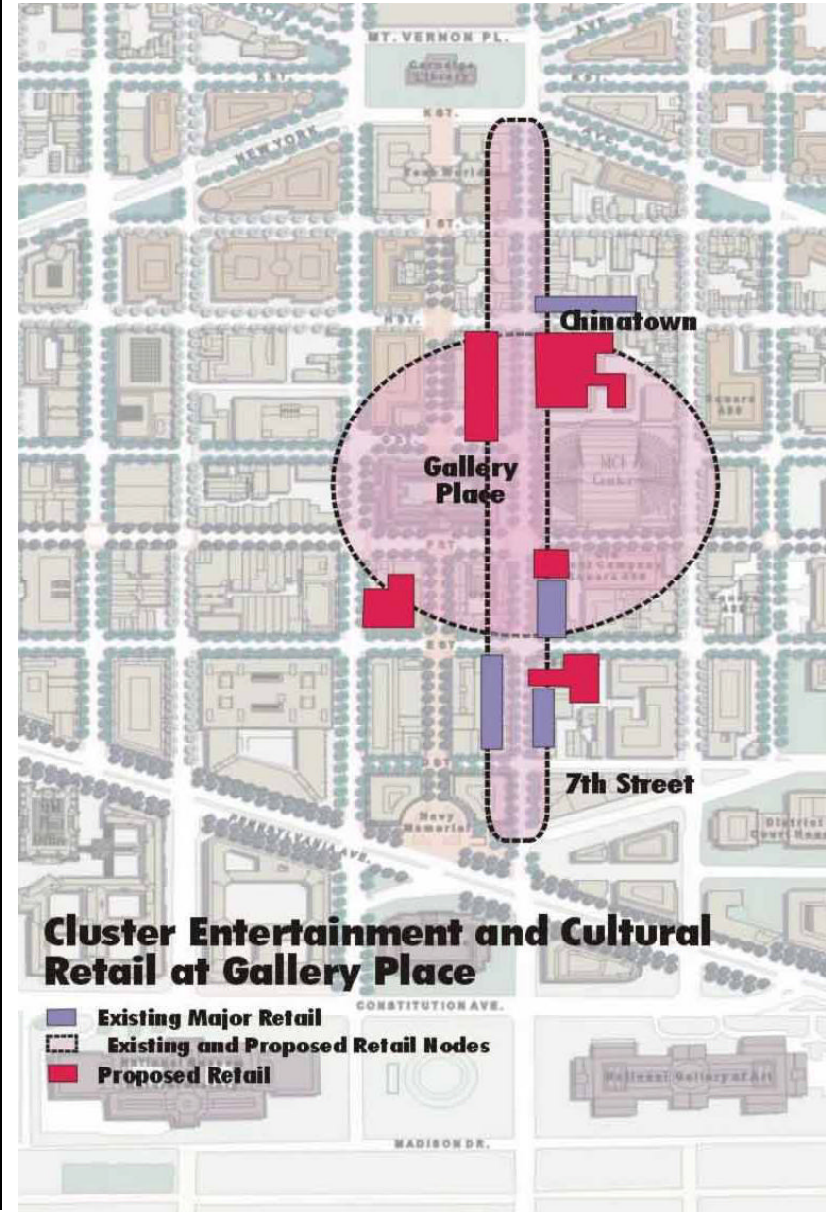
Approximately 1 million new square feet of new retail space should be strategically clustered at specific Downtown locations. The Gallery Place area, centered at the intersection of the F Street and 7th Street corridors, should be the primary destination for regional and one-of-a-kind retail, entertainment, and cultural uses in Downtown. The Gallery Place project on Square 454 will serve as one anchor for the area. It will offer 356,000 total square feet of retail and entertainment, with a 25-screen movie theater, numerous large entertainment restaurants and retailers, 160 residential units, and five levels of structured parking. A second anchor could be created through a mixed-use redevelopment of the old Hecht's Company building at 7th and F Streets, with residential and ground-floor entertainment and/or cultural uses. Just north of Gallery Place, Chinatown should be preserved and enhanced as one of Downtown's most unique districts - offering special cultural and retail experiences.

The southern segment of 7th Street, with its major attractions, historic buildings, Arts Walk, and proximity to the E Street Theater Row, provides a unique setting for distinctive restaurants, art galleries, and independent retailers. While these smaller retailers may not generate the per-foot sales of their larger counterparts, they are crucial as they provide a distinct image and authentic environment for Downtown. An overall strategy to encourage additional national-chain restaurants, retailers, and combined entertainment uses will help the Gallery Place and 7th Street area continue to emerge as the center of nightlife in Downtown.

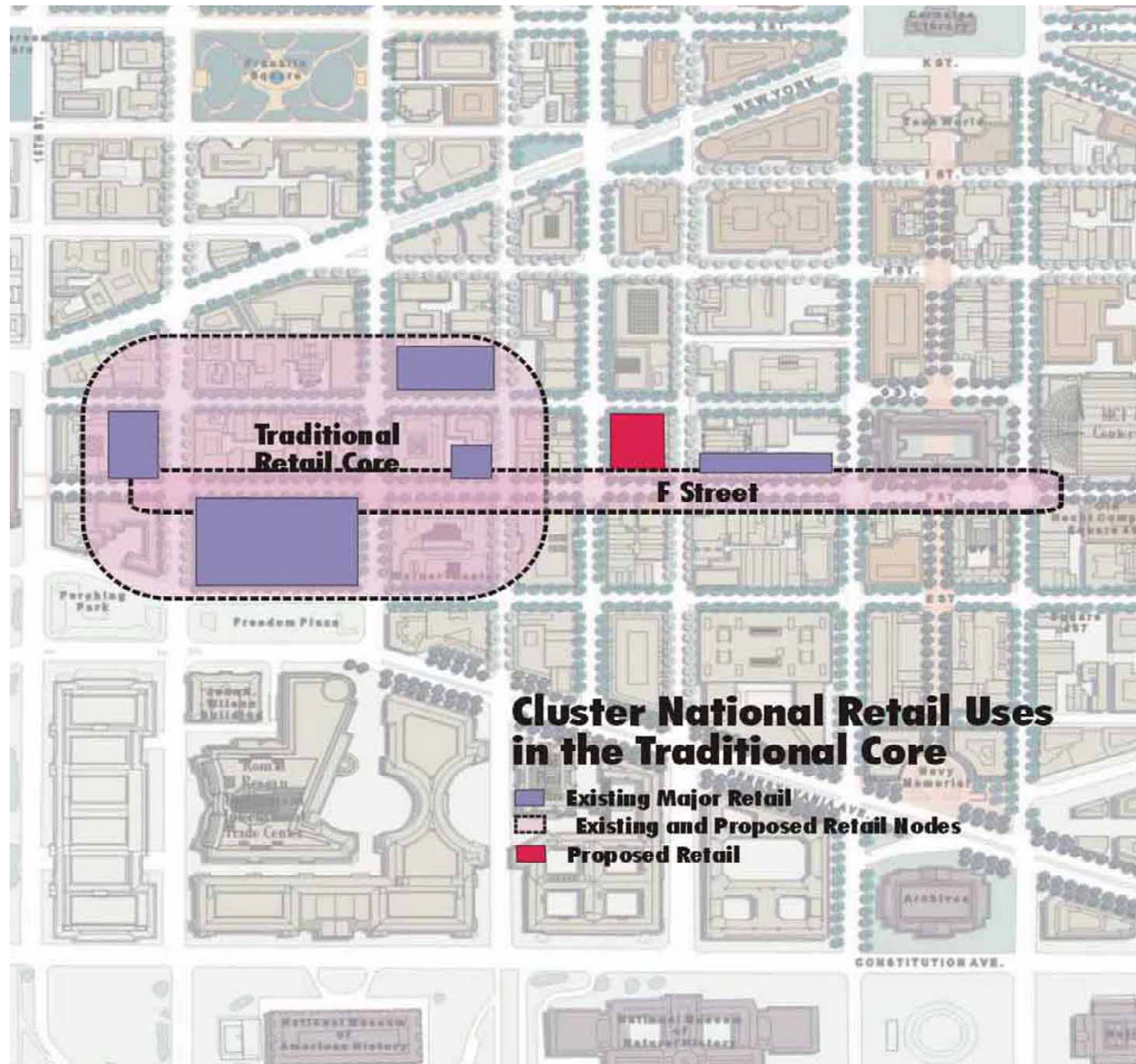


700 block of 7th Street

Key Action: Institute a Downtown Development Corporation that would facilitate retail development and promote Downtown as part of its mission.



The Gallery Place area surrounding the MCI Center is an appropriate location for restaurants and retailers.



Strategy Two: Strengthen the Traditional Retail Core and F Street as a Center for National Retail

The traditional retail core, centered by the Hechts Company department store at 12th and G Streets, generally extends along F and G Streets from 15th to 12th Streets. This core includes national tenants such as Ann Taylor and Banana Republic, with a Border's Books to open soon. Retail development should be encouraged, at infill sites within this corridor, to ultimately extend along F and G Streets to 7th Street.



Downtown's traditional retail core includes national tenants.



The Woodward & Lothrop building can accommodate large-footprint retail uses and anchor the F Street corridor.

Specifically, large-scale retail and entertainment development of the Woodward and Lothrop Building would provide an important destination component on F Street, uniting existing office and retail development west of 11th Street with the more entertainment-oriented retail of Gallery Place to the east. Over time, G street and the E Street Theater Row should be strengthened with additional cultural uses and retailers to further enliven the F Street retail corridor.

Key Action: Develop an area-wide tax increment financing program

Strategy Three: Encourage an Appropriate Mix of Retail Uses at Mount Vernon Square

The new Washington Convention Center will create a demand for the larger restaurants and retailers often provided by national establishments. The area just south of Mount Vernon Square is an appropriate location for such national retail and entertainment uses. However, to the north of M Street, more neighborhood-oriented retail uses should be encouraged to locate in the Shaw community.



In addition to retail uses, business services are appropriate for the Mt. Vernon Square area.



Retail uses and sidewalk cafes enliven the street

